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MONTANA LEGISLATIVE HISTORY

Chapter 613 19 91

Bill H 949 S _____ Original bill & history ____C

H. Committee on Taxation			S. Committee on Taxation		
Hearing Date(s)	Mar 22	✓ C	Hearing Date(s)	Apr 09	✓ C
	Mar 27	✓ C		_____	____C
	_____	____C		_____	____C
	_____	____C		Apr 09	✓ C
Date Out	Mar 28	✓ C			

Did this bill originate in an interim committee? ____Yes ____No

Committee _____ Report _____

4/11	3RD READING AMENDMENTS CONCURRED	97	1
4/16	SIGNED BY SPEAKER		
4/16	SIGNED BY PRESIDENT		
4/16	TRANSMITTED TO GOVERNOR		
4/20	SIGNED BY GOVERNOR		
	CHAPTER NUMBER 510	EFFECTIVE DATE: 7/01/91	

HB 949 INTRODUCED BY TUNBY
TAX DEDUCTION FOR LONG-TERM CARE INSURANCE PREMIUMS
BY REQUEST OF DEPARTMENT OF SOCIAL AND REHABILITATION SERVICES

2/19	INTRODUCED		
2/19	REFERRED TO TAXATION		
2/20	FIRST READING		
2/20	FISCAL NOTE REQUESTED		
2/23	FISCAL NOTE RECEIVED		
2/24	FISCAL NOTE PRINTED		
3/22	HEARING		
3/28	COMMITTEE REPORT—BILL PASSED		
4/03	2ND READING PASSED	95	4
4/03	ON MOTION RULES SUSPENDED TO ALLOW 3RD READING THIS DAY		
4/03	3RD READING PASSED	95	5
	TRANSMITTED TO SENATE		
4/04	FIRST READING		
4/04	REFERRED TO TAXATION		
4/09	HEARING		
4/09	COMMITTEE REPORT—BILL CONCURRED		
4/15	2ND READING CONCURRED	48	0
4/16	3RD READING CONCURRED	49	0
	RETURNED TO HOUSE		
4/20	SIGNED BY SPEAKER		
4/20	SIGNED BY PRESIDENT		
4/20	TRANSMITTED TO GOVERNOR		
4/24	SIGNED BY GOVERNOR		
	CHAPTER NUMBER 613	EFFECTIVE DATE: 4/24/91	

HB 950 INTRODUCED BY BROOKE, ET AL.
MONTANA FAMILY POLICY ACT

2/19	INTRODUCED		
2/19	REFERRED TO HUMAN SERVICES & AGING		
2/20	FIRST READING		
2/21	FISCAL NOTE REQUESTED		
2/25	FISCAL NOTE RECEIVED		
2/26	FISCAL NOTE PRINTED		
3/06	HEARING		
3/13	COMMITTEE REPORT—BILL PASSED AS AMENDED		
3/16	2ND READING PASSED	72	18
3/16	TAKEN FROM ENGROSSING AND REREFERRED TO APPROPRIATIONS		
3/21	HEARING		
3/23	TABLED IN COMMITTEE		

HB 951 INTRODUCED BY DRISCOLL, ET AL.
PROVIDE STATE FUNDING FOR DEVELOPMENT OF SHOOTING RANGES

2/19	INTRODUCED		
2/19	REFERRED TO FISH & GAME		
2/20	FIRST READING		
2/20	FISCAL NOTE REQUESTED		
2/23	FISCAL NOTE RECEIVED		

decision on the taxes weighing those factors. We even had a local option tax for a time in Billings on hotels and motels which were approved by the local electorate. That was removed by the Supreme Court. The opposition did not take into account the wisdom of the local electorate because the local electorate will make the decision as to whether it is going impose this.

Closing by Sponsor:

SEN. BLAYLOCK offered the committee an amendment that if any local option property tax is put on by the city or county that the levy be uniform against all taxable property in its jurisdictions.

Alot was said about have a total tax reform. What that means is a general sales tax, and he does not care for a general sales tax. One of the reasons we got into this problem is because of many foolish decisions by the Legislature in 1981 and 1983. We had one tax cut after another. We cut the insides out of the local governments in anything they could do in running their cities, and we have continued that.

The only reason I-105 passed was because there was another initiative called CI-27. He was campaigning that year, and the biggest question was "what about CI-27". He told them that they didn't want to vote that in because it would destroy their communities. You will not have a community. I-105 would never have passed if it hadn't been for CI-27 which was the greater of the two monsters.

He voted for the general sales tax two years ago, and he caught heck for it. It is easy to stand up here and tell the Legislators to be brave and support a general sales tax. Well, try it, particularly if you are a Democrat. He doesn't want the committee to kill the bill just because it has a general sales tax provision. If the community wants it, they can vote to have it.

If you think you are going to get a general sales tax out of this session, you may be right. He doesn't. It is going to get desperate, and the Legislators feel the pressure already. It is going to get worse because we are short of money. There are all these demands and no money to pay for them. We need to be able to pay for these services that the people demand and urged the committee to support SB 115.

HEARING ON HB 949

Presentation and Opening Statement by Sponsor:

REP. TUNBY, House District 24, Plevna, stated HB 949 allows a state income tax deduction for the cost of purchasing long-term care insurance. The cost of associated with the bill will be lost revenues coming through the income tax deduction.

He did not sign the fiscal note because there are other thing that enter into the bill. It will be really hard to tell how much income there will be. There is a bill by **REP. FOSTER** which allows for the purchase of life insurance that could be converted to long-term care insurance. If that passes, it could allow for quite a bit more for the purchase of this type of insurance.

Proponents' Testimony:

Bob Frazier, Governor's Health Care Committee, stated HB 949 is not directed to older folks but is directed toward people in their 30's, 40's, and 50's to get them to consider planning for their needs in the future as far as long-term care is concerned. It is important for people in those age groups to start thinking about these types of things.

Ronee Hansan, Montana Senior Citizens Association, went on record in support of HB 949.

REP. NELSON, Billings, said one of his practices is the retirement planning of his clients. In the trade journals that he reads with regard to retirement planning, one of the areas that we must pay attention to is the saving of the estates of the surviving spouses and the saving of the estates of those who take care of debilitating spouses. HB 949 is a way of encouraging the purchase of this type of insurance which can help solve this problem. To put an elderly spouse into a nursing home can eat up the estate of the elderly very fast. When this happens, it puts them on the roles of the needy that we must take care of out of the general fund.

Opponents' Testimony: None

Questions From Committee Members: None

Closing by Sponsor:

REP. TUNBY said this legislation is part of the **Governor's** health care project. It tries to encourage individuals to prepare for their long-term care.

HEARING ON HB 972

Presentation and Opening Statement by Sponsor:

REP. SIMPKINS, House District 39, Great Falls, stated HB 972 would encourage businesses to invest in printing equipment. Their is a bill in the State Administration Committee that would require that all in-state printing be done by in-state printers. Their has been quite a lengthy discussion because it would have increased the cost of many of our full-color brochures describing the state. The printing we send out of state normally requires highly sophisticated equipment or it requires a six-color press which is not available in the state. In order to get six-color

HOUSE OF REPRESENTATIVES

TAXATION COMMITTEE

ROLL CALL DATE 3/22/91

NAME	PRESENT	ABSENT	EXCUSED
REP. DAN HARRINGTON	✓		
REP. BEN COHEN, VICE-CHAIRMAN	✓		
REP. BOB REAM, VICE-CHAIRMAN	✓		
REP. ED DOLEZAL	✓		
REP. JIM ELLIOTT	✓		
REP. ORVAL ELLISON	✓		
REP. RUSSELL FAGG	✓		
REP. MIKE FOSTER	✓		
REP. BOB GILBERT	✓		
REP. MARIAN HANSON	✓		
REP. DAVID HOFFMAN	✓		
REP. JIM MADISON	✓		
REP. ED MCCAFFREE	✓		
REP. BEA MCCARTHY	✓		
REP. TOM NELSON	✓		
REP. MARK O'KEEFE	✓		
REP. BOB RANEY	✓		
REP. TED SCHYE	✓		
REP. BARRY "SPOOK" STANG	✓		
REP. FRED THOMAS	✓		
REP. DAVE WANZENRIED	✓		

all here.

HOUSE OF REPRESENTATIVES

VISITOR'S REGISTER

Taxation COMMITTEE BILL NO. HB949

DATE 3/22/91 SPONSOR(S) Rep. Tuaby

PLEASE PRINT **PLEASE PRINT** **PLEASE PRINT**

NAME AND ADDRESS	REPRESENTING	BILL	OPPOSE	SUPPORT
Tom Hopgood	Health Ins. Assoc. Amer.	HB949		✓
Bob Turnin	Dept. of Revenue	HB 949		
Ronee Hanson	MSOA	HB 949		✓
Bob Frazier	Gov's Health Care Committee	HB 949		✓
Tom Nelson	H.D. 95	HB 949		✓

PLEASE LEAVE PREPARED TESTIMONY WITH SECRETARY. WITNESS STATEMENT FORMS ARE AVAILABLE IF YOU CARE TO SUBMIT WRITTEN TESTIMONY.

EXECUTIVE ACTION ON HB 904

Motion: **REP. M. HANSON MOVED HB 904 DO PASS.**

Discussion:

CHAIR HARRINGTON said that HB 904 excludes social security income paid directly to nursing homes. **REP. FOSTER** said that this bill followed a controversial bill in the discussion. He thought everyone's attention was diverted. There were no proponents or opponents and there is no fiscal impact.

Vote: Motion that HB 904 Do Pass carried unanimously.

EXECUTIVE ACTION ON HB 949

Motion: **REP. THOMAS MOVED HB 949 DO PASS.**

Discussion:

CHAIR HARRINGTON said that HB 949 does have a small impact on the general fund. **REP. THOMAS** said that the bill helps people take care of the long-care needs versus medicaid. There will be a long term savings even though there is a short-term cost. **REP. COHEN** said the bill talks about premium payments for long-term care with benefits that neither exceed the minimum payment established by the Insurance Commission, but there is no statement of intent. He asked how the Insurance Commissioner can set minimum standard without rule making authority. **REP. THOMAS** said that he thought the standards were already there.

Vote: Motion that HB 949 Do Pass carried 11 to 9 with **REPS. SCHYE, ELLISON, McCAFFREE, REAM, O'KEEFE, McCARTHY, STANG, DOLEZAL,** and **ELLIOTT** voting no.

EXECUTIVE ACTION ON HB 983

Discussion:

REP. COHEN said that HB 983 is a selective tax on Montana bottlers to encourage importers of soda pop.

Motion/Vote: **REP. COHEN MOVED HB 983 BE TABLED.** Motion carried 19 to 2 with **REPS. O'KEEFE** and **ELLIOTT** voting no.

EXECUTIVE ACTION ON HB 985

Discussion:

REP. RANEY said that the committee should pick up this bill and put it in their pockets because; two years from now, we are going to have to try to figure out how to fund the reconstruction and maintenance of Montana's highway system. Uncle Sam is taking a

10:05
3-28-91
JDB

HOUSE STANDING COMMITTEE REPORT

March 28, 1991

Mr. Speaker: We, the committee on Taxation report that House Bill 949 (first reading copy -- white) do pass .

Signed: Dan Harrington, Chairman

Mr. Barry said House Taxation wanted some further qualifier than the $1500 profit amount. He said most nurseries do not have a checkerboard acreage and he felt they could live with the contiguous provision.

Senator Towe felt there might be a discrepancy in the language re the less than 20 acres and the $1500 provisions.

Representative Simpkins said it is intended that the "over ten acres" and "$1500" restrictions should both apply and the bill probably needs some clarifying language to tie them both together.

Senator Eck expressed some concern about the tax treatment of the retail outlet portion of the business and truck farming.

Ken Morrison, DOR, said the retail portion would be treated as improvements on ag property if the statute is not changed. Truck farming is treated as agriculture under the less than 20 acres but profits more than $1500 provisions.

In response to a question by Senator Thayer, Mr. Selstad said he had a $500 difference in his land taxes five years ago. The state only has 1500 acres in nursery production so it was his opinion the overall impact on tax revenue would be fairly low.

Mr. Heisall said the five acres where his store is located are valued as commercial property and he has no argument with that valuation.

Closing by Sponsor:

Representative Simpkins said these people are concerned about expansion. They do not mind having their retail outlet being classified as commercial, but they do need their ag land classified as ag property.

HEARING ON HOUSE BILL 949

Presentation and Opening Statement by Sponsor:

Representative Tunby, District 24, the bill would allow an income tax deduction for the cost of purchasing long-term care insurance.

Proponents' Testimony:

Hank Hudson, Governor's Office, said the bill would take some pressure of the medicaid program and would encourage planning and purchase of long-term health care insurance. He said the more people that purchase the insurance, the lower the insurance rates and the less impact on medicaid there will be. The bill would authorize convertible policies (from life insurance to long term health care).

Mr. Hudson presented a letter from Mr. Frazier, Project Consultant to the Governor's Health Care Committees, in support of the bill (Exhibit #8).

Larry Akey, Montana Life Underwriters, said this is a legitimate policy concern and the convertible policies are a good approach. He urged the committee to support the bill.

Tom Hopgood, Health Insurance Corporation of Montana, said long term health care insurance is a good and viable product which is badly needed. The bill passed the House overwhelmingly.

Opponents' Testimony:

There were no opponents.

Questions From Committee Members:

Senator Eck asked if the $115,000 amount in the fiscal note is likely to increase.

Mr. Hudson replied it is hard to gauge how well it will be utilized and determine a cumulative effect.

Denis Adams, DOR, said he did not foresee the amount exceeding $115,000. The national average is about 1% and he wouldn't expect it to increase in Montana.

Senator Eck expressed further concern about the long range effects. Can only the wealthy afford the insurance and would the impact on medicaid increase as a result?

Mr. Akey replied this is a fairly new product on the market so the long range effects are not known. He said the generation of people in their 30's and 40's are going to put more and more pressure on the health care system in the future. Many policies are being purchased by adult children for long term care of their parents.

Closing by Sponsor:

Representative Tunby closed by noting the Governor has already signed the convertible insurance bill. He said there will be a beneficial impact on the reduction of medicaid costs if this bill is passed.

EXECUTIVE ACTION ON HOUSE BILL 949

Recommendation and Vote:

Senator Towe moved HB 949 Be Concurred In.

The motion CARRIED.

ADJOURNMENT

Adjournment At: 11:00 a.m.

SENATOR MIKE HALLIGAN, Chairman

JILL D. ROHYANS, Secretary

MH/jdr

ROLL CALL

SENATE TAXATION COMMITTEE

DATE 1/9/91

52nd LEGISLATIVE SESSION

NAME	PRESENT	ABSENT	EXCUSED
SEN. HALLIGAN	X		
SEN. ECK	X		
SEN. BROWN	X		
SEN. DOHERTY	X		
SEN. GAGE	X		
SEN. HARP	X		
SEN. KOEHNKE	X		
SEN. THAYER	X		
SEN. TOWE	X		
SEN. VAN VALKENBURG	X		
SEN. YELLOWTAIL			X

Each day attach to minutes.

DATE 1/9

COMMITTEE ON Water

VISITORS' REGISTER

NAME	REPRESENTING	BILL #	Check One	
			Support	Oppose
Gordon Morris	MHC HB	452 738	✓	
Evan Barrett	Butte Local Development	452	✓	
Ward Shanahan	Stillwater Mining	452	✓	
Thomas Tuttle	MT Chamber HB	452	✓	
Kay Foster	Billings Chamber	452	✓	
Kay Foster	" "	HB914	✓	
Brad Brown	Glacier Nursery, MT Assoc Nurserymen	HB869	✓	
Sen. Paul Svrcek	SD 26	HB869	✓	
Gene T. Berry	MT Assn. Nurserymen	HB869	✓	
Tom Felstad	Felstad Sod Farm	HB869	✓	
Jim Elliott	HD 51	HB869	✓	
Ken Call	MT Wood Products Assn	HB 452	✓	
Tom Hopgood	Health Ins. Assoc. America	HB949	✓	
LARRY AKEY	MT ASSOC OF LIFE UNDERWRITERS	HB949	✓	
JIM WEISEL	NURSERYMAN, BOZEMAN	869	✓	

(Please leave prepared statement with Secretary)

SENATE TAXATION
EXHIBIT NO. 8
DATE 4/9/91
BILL NO. HB 949

April 8, 1991

To: Members of the Senate Taxation Committee
Senator Mike Halligan, Chairman

From: Bob Frazier, Project Consultant to the Governor's Health Care Committees Bob Frazier/sm

Re: Testimony for HB949
Sponsor, Representative Rolf Tunby

Although I am not able to be present, I would like to go on record in support of HB949. The bill is a recommendation of the Long Term Care Strategies Committee and has broad implications for addressing the future of long term care in Montana. There are two points that I would like to draw your attention to that I believe this bill addresses. They are:

- Long term care needs will continue to increase well into the middle of the next century. As a state, we need to begin to address this growing problem and to encourage people to plan for their long term care needs. Although I believe it is difficult to get people to plan for their "out years", this bill provides an important incentive to get people to do so. Its major focus will be for persons in their 30's, 40's and 50's.

- There is a need to educate middle aged Montanans about planning for long term care. This bill can help to draw Montanans' attention toward long term care planning. It is in the state's best interest to encourage the education and planning that can result from this legislation.

Thank you for your attention to this legislation. If you have questions of me, I would be glad to appear before the committee in the future.

SENATE STANDING COMMITTEE REPORT

April 9, 1991

MR. PRESIDENT:

We, your committee on Taxation having had under consideration House Bill No. 949 (third reading copy -- blue), respectfully report that House Bill No. 949 be concurred in.

Signed: _____
Mike Halligan, Chairman

4/1/91
Amd. Coord.

SB 4/9 2:00.
Sec. of Senate